

STAFFORD
Virginia

Proposed FY15 Budget

Building On Our Strengths



FY15 Proposed Budget Guidelines

- **Board of Supervisors Priorities**
 - **Fiscal Responsibility and Reducing the Tax Burden**
 - **Education**
 - **Public Safety**
 - **Infrastructure**
 - **Economic Development**
 - **Service Excellence**
- **Comprehensive Analysis of Revenue and Budget Drivers**
- **Continual Search for Savings and Innovations**
- **Flexibility**
- **Principles of Responsible and Accountable Government**
- **Planning for the future and keeping the budget structurally balanced**
- **Constant Pursuit of Grants (\$1.3M awarded so far in FY14)**
- **BOS Direction To Prepare Budget at Effective/Equalized Rates**



Proposed FY15 Budget “Builds On Our Strengths” of innovation, fiscal responsibility and focused efforts on the Board’s priorities to make Stafford a great community in which to live, work and raise a family.

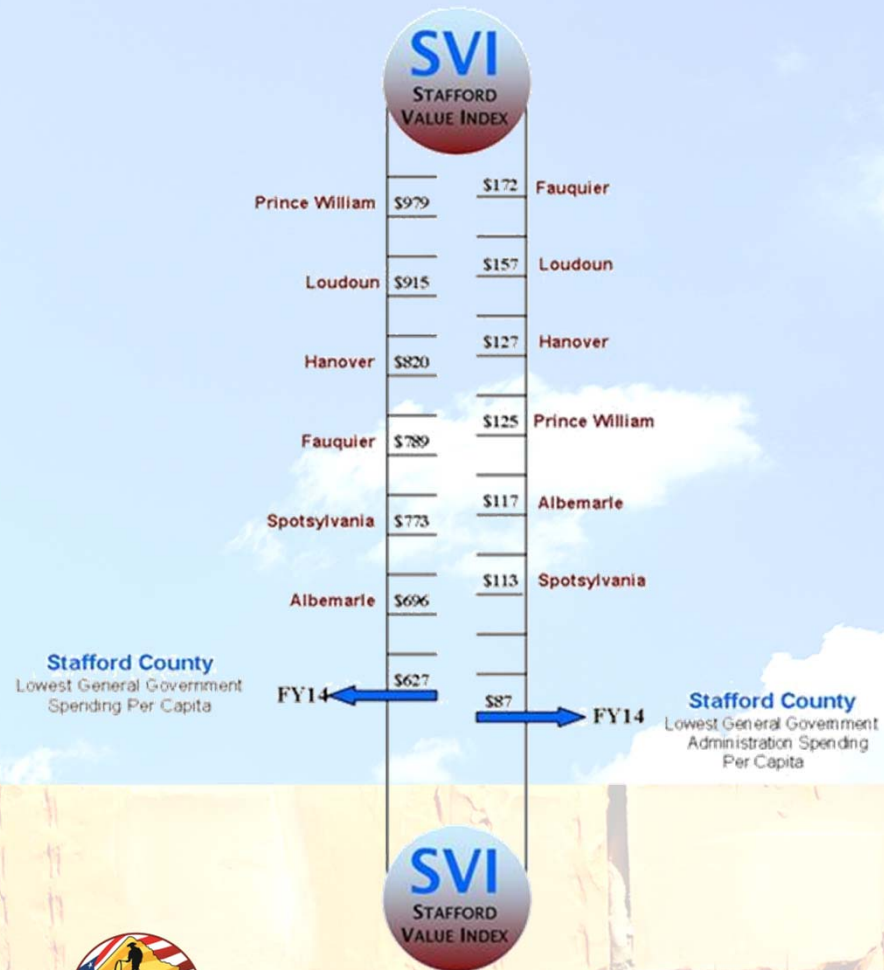


Responsible & Accountable Government

- Maintain a balanced budget.
- Maintain and enhance bond rating.
- Fully fund our pension liability including full implementation of the state's pension reform whereby employees pay approximately one-third of their pension costs.
- Borrow money only for capital projects and borrow under strict debt limitations.
- Maintain Reserves
 - 12% undesignated fund balance
 - Reserve for capital projects
 - Revenue Stabilization (Rainy Day) Reserve
 - Stafford Opportunity Fund (for economic development projects)
- Report weekly to the Board on costs savings and efficiencies.
- Estimate revenues conservatively.
- Spend less than adopted budgets.
- Maintain lowest per capita expenditures among peer localities.
- Monitor expenses/revenues weekly.
- Consistently use innovative practices to manage government as efficiently as possible.
- Provide monthly financial report to the community.



Stafford Delivers at the Lowest Cost Per Capita Among our Peer Localities



Savings and Innovations

Your Staff Working Hard for You!

- Citizens Assistance volunteers save \$1 million.
- Enhanced use of smart phones results in more efficiencies for Public Works inspectors.
- Stafford's floodplain management leads to savings for flood insurance policy holders in the County.
- Staff saves \$300,000 on Chichester Park construction costs through collaborative efforts with schools, Dominion VA Power, and contractor.
- County staff saves VDOT thousands by reclaiming Route 17 land and redesigning an existing stormwater pond.
- Embrey Mill pool construction is \$50,000 less than budgeted.
- Summer camps' gross revenue increases 6 percent from 2012.
- The 350th Anniversary fundraising is less than \$100,000 away from \$1 million goal!
- Dominion Virginia Power donated \$2,500 to the Stafford Safety Net; NOVEC donated \$2,500, bringing our total collected to \$23,777. The Safety Net has helped 18 families in crisis with no cost to taxpayers.
- Workers Compensation premiums have decreased by 7% over the past two years due to comprehensive safety training and strong management of the program.
- Due to good claims experience, the County will not have an increase in health insurance for FY2015.



Revenue Summary

	FY14 Adopted	FY15 Proposed	Change
Real Estate	\$141.3	\$144.1	\$2.8
Personal Property	45.4	46.4	1.0
Public Services Corp	4.1	4.4	0.3
Sales Tax	11.3	11.7	0.4
Meals Tax	6.3	6.4	0.1
Consumer Utilities Tax	10.5	10.5	0
Recordation Tax	2.7	3.0	0.3
Bank Stock Tax	0.4	0.3	(0.1)
Total Local Taxes	\$222.0	\$226.8	\$4.8
Service Charges & Other	4.5	4.8	0.3
State & Federal Support	14.7	14.7	0.0
Development Fees	4.0	4.7	0.7
Parks and Recreation Fees ¹	2.0	2.2	0.2
All Others	7.8	8.2	0.4
Total Non-Tax Revenue	\$33.0	\$34.6	\$1.6
Total	\$255.0	\$261.4	\$6.4

¹Proposed increase in Park/Rec fees: \$160k;
projected fees from new parks: \$60k



Assumes equalized tax rate.

Change in Real Estate Tax Bill

- The average residential real estate tax bill is \$61 less than 2009.
- The average tax bill has gone down by \$399 or 14% over the last 5 years when adjusted for inflation.

Year	Average Residential Tax Bill	Change
2009	\$2,747	
2014	\$2,685*	(\$61)

* The average tax bill for 2013 was \$2,657

Budget Drivers

- **New Debt Service**
 - Roads
 - Parks
 - Schools
 - Public Safety
- **School Operating Support**
- **Private Day School Placements for At-Risk Youth**
- **Health Insurance/Federal Health Care Changes**
- **Corrections**
- **Operating Costs for New Parks**
- **Enhanced Cash Capital and Continued Work Toward AAA Bond Rating**
- **Storm Water Management Mandates**
- **Schools VRS Payments**

Board Priority
Fiscal Responsibility &
Reducing the Tax Burden



Fiscal Responsibility & Reducing the Tax Burden

- Reduces CIP bond-funding in the ten year period by 10.4%
- Cash capital increasing to 3% of general fund and 2% of general school fund budgets by 2018
- Equalized real estate rate at \$1.002 (a decrease from the current rate of \$1.07)



Board Priority
**Fiscal Responsibility &
Reducing the Tax Burden**

Public Safety

Board Priority
Public Safety

- Funds Computer Aided Dispatch (CAD), public safety apparatus, and self-contained breathing apparatus
- Funds full year of Middle School Resource Officers (State grant funded portion reduced from FY14; Increased County portion: \$120k)



Education

**Board Priority
Education**

This budget is based on the House version of the State budget for education. The House version is more conservative than the Senate's version.

State Revenue for Schools(\$M)					
	Adopted FY14	Gov's & GA Amended FY14	Gov's Proposed FY15	House Version FY15	Senate Version FY15
ADM	27,229	26,898	27,048	27,048	27,048
	-	-	-	-	-
Total State Revenue	136.5	134.4	138.7	138.8	139.3
Amount over Adopted FY14			2.2	2.3	2.8
Amount over amended FY14			4.3	4.4	4.9

Education



- **Stafford County Schools are receiving 60% of all new revenue and 60% of new local taxes.**
- **Local increase to schools is \$2.9M**

Sources and Uses and Additional Funds for Schools

Sources:

County Taxes	\$	2.9
State Funding		<u>2.3</u>
Total Sources	\$	<u>5.2</u>

Uses:

Debt Service	\$	1.8
Day School		0.2
Gwyneth's Law		0.1
Other school needs		<u>3.1</u>
Total Uses	\$	<u>5.2</u>

Infrastructure

In the Pipeline



2014	
Chichester Park	Crow's Nest Nature Preserve
Grafton Village Elementary School Renovation	Interstate 95 Express Lanes from Garrisonville Road to Beltway
Rocky Pen Run Reservoir	Staffordboro Commuter Parking Lot
Trailblazing Signs	Curtis Park Pool Renovations
Courthouse Streetscape	350 th Celebration Stage at Pratt Park
2015	
Mountain View Road Improvements, Phase I	Corporate Center Boulevard
Embrey Mill Park/Indoor Recreation Facility	Belmont-Ferry Farm Trail, Phase 4, Pratt Park to the Chatham Bridge
Mountain View Road Improvements, Phase II	Poplar Road Improvements, Phases II and III
Falmouth Intersection Improvements	Garrisonville Road/Onville Road Turn Lane Improvement
Second Right Turn Lane at Route 1 and Garrisonville Road	Stafford High School
Poplar Road Improvements, Phase I	
2016	
Truslow Road Improvements	Garrisonville Road Widening
Brooke Road Safety Improvements	Enon Road Widening
Ferry Road Improvements	Courthouse Road West Widening
Route 17 Widening	

Projects Under Construction in White
Projects Under Design in Yellow
State Projects in Pink



- In the Pipeline
 - 28 Community Projects Underway
 - 8 projects completed in 2013
- Maintains capital program for roads and parks bonds, as well as schools, and general government projects
- Fully leverages VDOT revenue sharing funds (\$10 million annually) for road construction
- Funds operations of Chichester and Embrey Mill Parks
- Proposes countywide 1¢ storm water service district for state storm water mandates (\$42m over next 15 years)

Infrastructure



CIP Summary

- **10-year CIP**
- **Bond Rating Enhancement Strategy**
 - **Reduces borrowing over the life of the CIP by 10.4%**
 - **Increased Cash Capital toward goal of 3% by 2018**
- **Schools receive 51.2% of ten-year CIP bond capacity**
 - **Accelerates expansion of Colonial Forge, Brooke Point, and Mountain View High Schools (Opening 2016 and 2017)**
- **Debt service for road bonds is paid out of the Transportation Fund.**



Mandated Storm Water Management



FUNDING PROJECTIONS FOR POST CONSTRUCTION STORMWATER MANAGEMENT/MS4 PERMIT/CHESAPEAKE BAY TMDL COMPLIANCE PROGRAM

Funding Spread Evenly across 15 year Period
(millions)

PHASE A YEARS 1-5					PHASE B YEARS 6-10	PHASE C YEARS 11-15	TOTAL PHASES A-C
5% OF REQUIRED NUTRIENT REDUCTIONS					35% OF REQUIRED NUTRIENT REDUCTION	60% OF REQUIRED NUTRIENT REDUCTION	100% OF REQUIRED NUTRIENT REDUCTION
FY14	FY15	FY16	FY17	FY18	FY19-FY23	FY24-FY28	FY14-FY28
\$0.7	\$0.9	\$2.1	\$2.2	\$2.3	\$15.8	\$18.0	\$42.1

- Assuming revenues grow by 2%, the cost of the state and federal mandate will consume 48% of new revenues over the next 15 years. 30% of new revenues would be required to meet this mandate at 3% growth rate.
- Creation of new countywide Storm Water District (1 Cent Levy) would help pay for mandates
- Storm Water Management Trust Fund would “fence off” revenues and provide opportunity to leverage state grant opportunities.



Economic Development

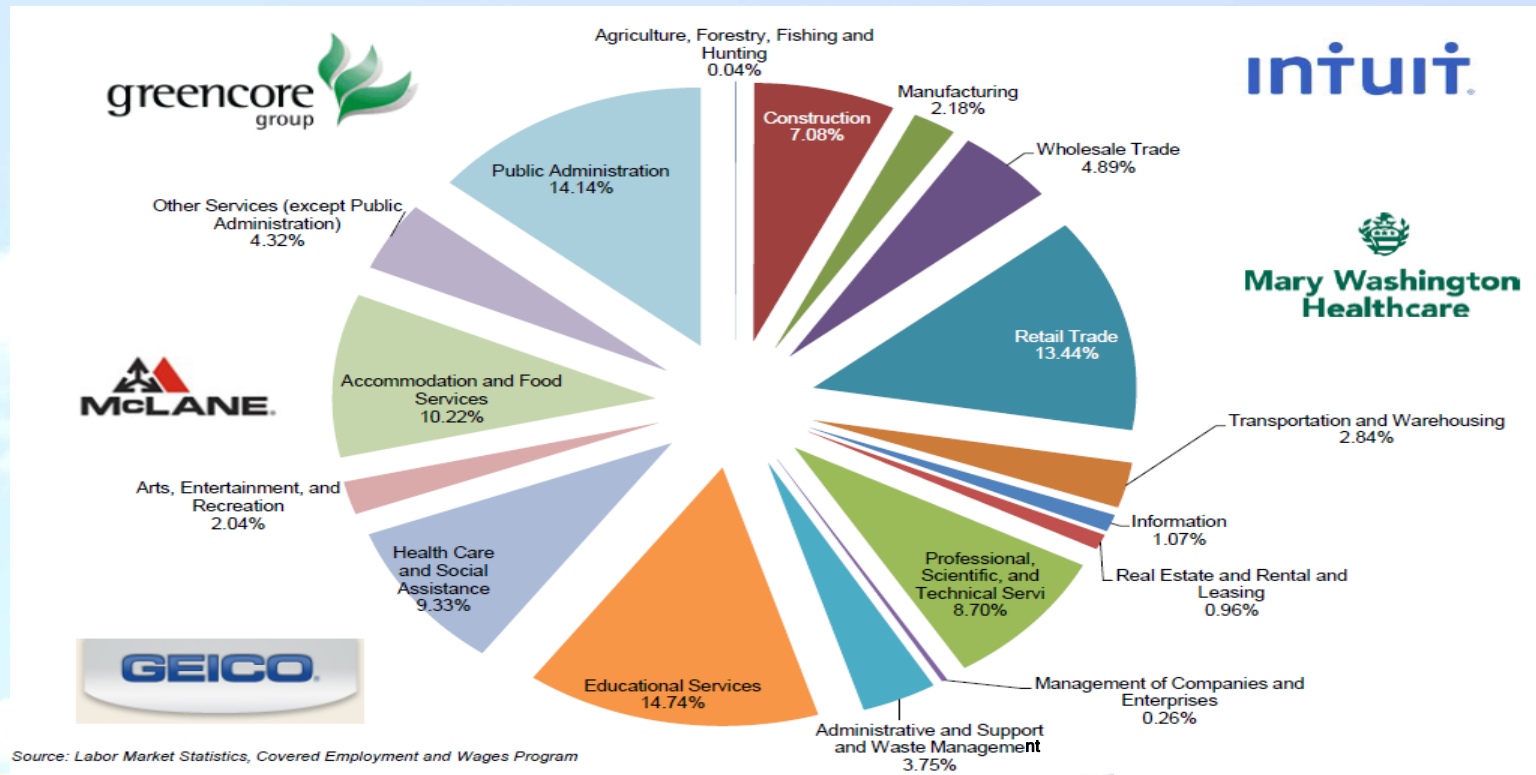
- **Stafford Opportunity Fund fully funded**
- **Continues Retail Strategy, Data Center Pursuit, Tech Park Initiative Strategic Plan**
- **Implements Wayfinding Trailblazer signs**
- **Executing 350th Commemoration events**

Board Priority
Economic Development



Diverse Tax Base

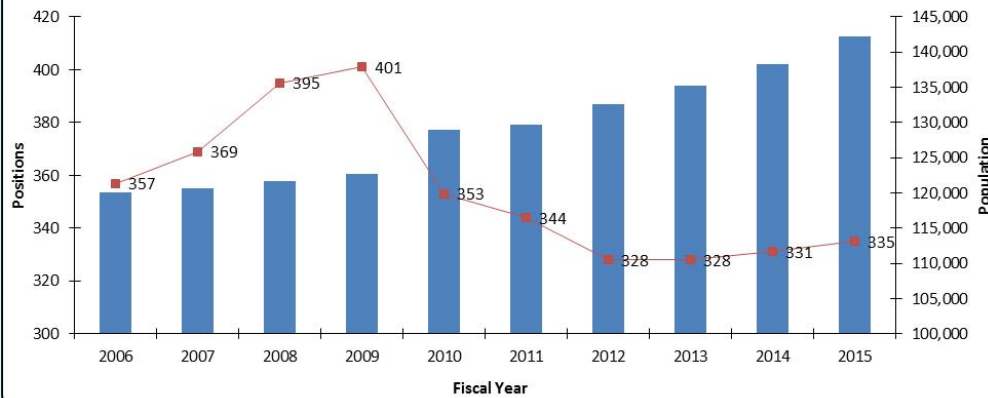
Board Priority
Economic Development



Staffing

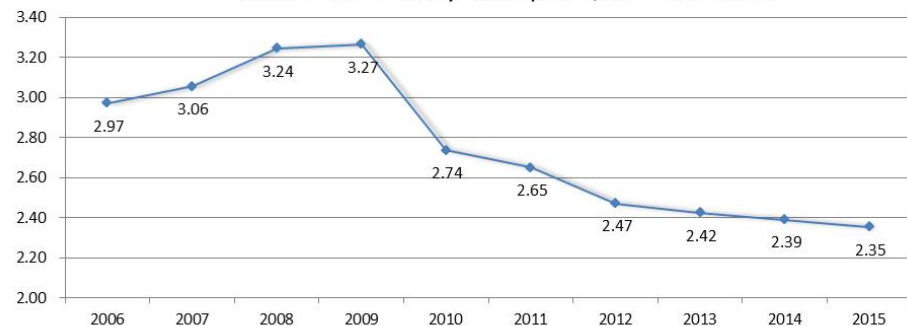
Board Priority
Service Excellence

General Fund Non-Public Safety Full-Time Position History



Non-Public Safety staffing levels for FY2015 are lower than a decade ago.

Non-Public Safety Staff per 1,000 Residents

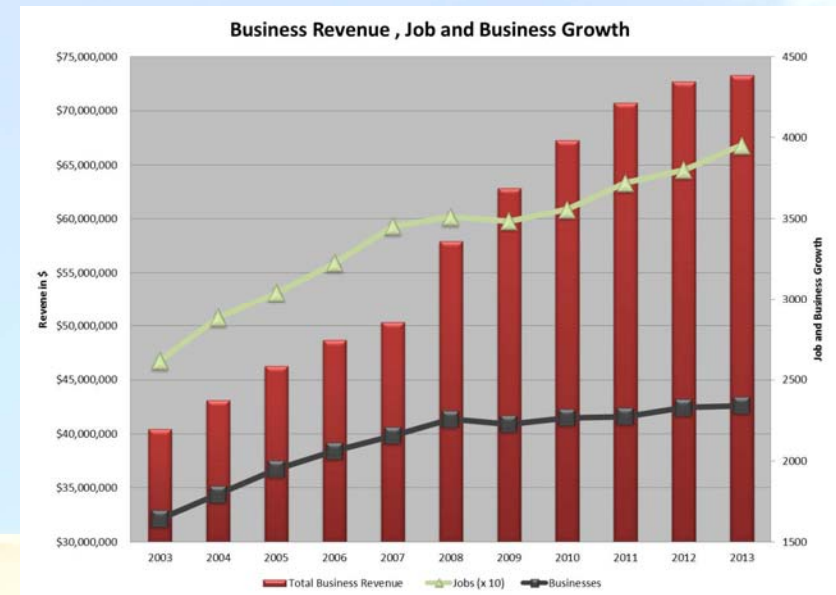


10-Year Comparison

	2005	2015	% Change
Population	117,674	142,300	20.9%
Non-Public Safety Employees (GF)	357	335	(6.2%)
Parks	10	22	120%
Acres of Parkland Maintained	906	1,572	73.5%
Building Square Footage	220,335	575,721	161.3%
Business Revenue	\$46M	\$73.M**	58.5%

* Maintained in FY2014

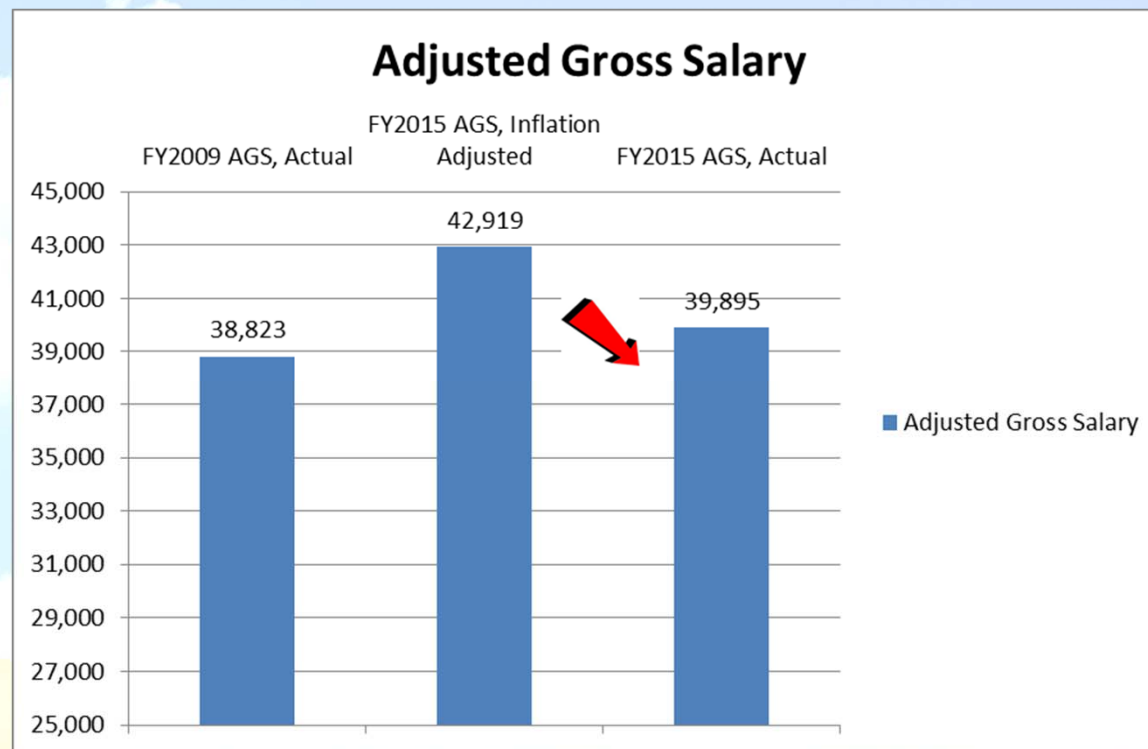
** This is for 2013; figures for 2014 not yet available



Staffing

Board Priority
Service Excellence

Salary increases since FY2009 have been largely offset by increased costs for employees for retirement and health insurance.



*AGS represents gross salary minus employee health insurance and VRS contributions
**Inflation is based on Consumer Price Index data.

Service Excellence

- **6 new FT positions to meet service demands:**
 - **3 for Planning / Public Works**
 - New residential permits continue at the strong pace observed in 2013, while rezoning applications for residential and commercial projects are on the upswing. Current year's activity is on pace with 2006.
 - **2 for Embrey Mill Park**
 - **1 Innovations Officer (special revenue fund) for efficiencies/innovations/shared services with the schools/Quantico**
 - **None of these positions is tax supported**
- **Four month health insurance premium holiday for County employees, pending available savings.**





Partner Agencies

- Overall partner agencies funding is level with FY 14
- Funding recommendations determined by process adopted by the Board:
 - Review of Services and Target Population
 - Analyze Value to Stafford Citizens through Review of Program Outcomes
 - Determine Fiscal Responsibility and Sustainability through diverse revenue sources
 - Identify Areas of Collaboration to Avoid Duplication of Services
- Rappahannock Area Community Services Board - Increased funding for Child and Adolescent Psychiatric services to meet high demand

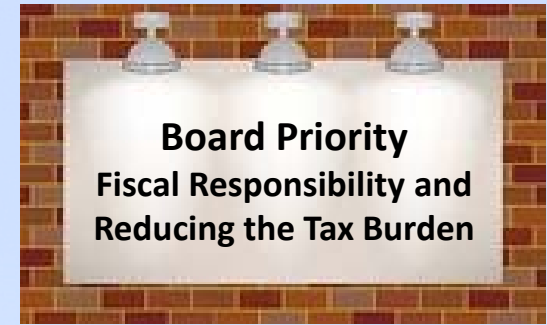


Budget Summary

Board Priority
Fiscal Responsibility and
Reducing the Tax Burden

Budget Change Summary (\$millions)

Sources of New Funds		Uses of New Funds	
Local taxes	\$4.8	Schools debt service & cash capital	\$1.8
Non-tax revenue	1.6	Public day school expansion	0.2
State funds for education	2.3	Gwyneth's Law	0.1
Total sources of new funds	<u>\$8.7</u>	Other school needs	3.1
		Total Schools	5.2 60%
		County debt service & cash capital	1.9
		CSA	0.6
		Public safety (includes SRO funds)	0.8
		Parks and Rec	0.2
		Storm Water	-0.4
		Community Development	0.1
		Other County agencies (net)	0.1
		Total General Government	3.3 38%
		Corrections	0.2 2%
		Total uses of new funds	<u>\$8.7</u>



Tentative Budget Calendar

- **March 4 – Proposed Budget and CIP Presented**
- **March 18 – Work Session, Authorize Public Hearings**
- **April 1 – Budget Public Hearing**
- **April 15 – Adopt FY15 Budget, CIP, CY2014 Tax Rates and VPSA, Stormwater Service District Public Hearings**

*** If the Board advertises above the effective rate, 30 days notice is required.**





FY15 Funding Limitations

- Less than Superintendent's request
- Public Safety staffing plan is delayed
- No funding for most inflationary cost increases
- Does not fund future OPEB liability
- Limited progress on parks major maintenance
- Level funding for Central Rappahannock Regional Library
- Does not address compensation for employees
- Sustainability



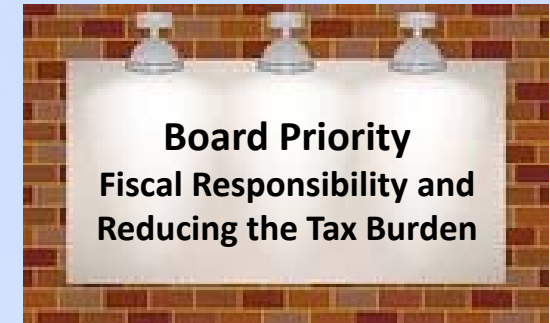
FY16 Preview

- **New Debt Service: \$3.9M**
- **Full year operating costs for Embrey Mill Park: \$200k**
- **Health benefits: \$800k**
- **OPEB: \$4.4M**
- **Reduction in grant for School Resource Officers: \$88k**

Equalized vs. Effective Rates

- Effective rate, defined by Code of Virginia is calculated by multiplying last year's levy by 101%.
 - Effective rate: \$1.012
- Equalized rate is calculated by multiplying last year's levy by 100%.
 - Equalized rate: \$1.002
- Each penny on the tax rate generates \$1.4 M which can be applied toward BOS priorities.





Maintaining Fiscal Strength

- Reserves are fully funded
- Conservative Revenue Estimates
- Cash Capital Fully Funded
- Contingency Fully Funded
- 5% Appropriation Hold

Stafford County Bond Ratings

Fitch: AA+

Standard & Poors: AA+

Moody's: Aa2

Standard and Poor's – Upgrade to AA+

“The upgrade reflects our assessment of the County’s very strong economic fundamentals in addition to strong financial policies and practices, which have helped management maintain what we consider a strong financial position.”

Moody's – Affirmed Aa2

“Continued operating surpluses resulting in growth in reserves and financial flexibility could result in upward rating movement.

WHAT COULD MOVE THE RATING-UP:

- *Sustained improvement in financial performance*
- *Continued tax base growth*
- *Decreased debt burden*

WHAT COULD MOVE THE RATING-DOWN:

- *Reduction in reserve levels*
- *Tax base contraction*
- *Substantial increase in fixed costs as a percent of budget”*





Potential Budget Flexibility

- **Advertise the effective tax rate**
- **Contingency Reserve**
- **3rd quarter review for local revenues**
- **Monitoring state legislature**

Budget Summary

- **Responsive to Board's Priorities**
- **Funding Storm Water Management Mandates**
- **Equalizing Garrisonville Road and Hidden Lake Service Districts**
- **Continued work toward AAA bond rating**

Key Facts

- Average residential real estate tax bill lower than five years ago.
- Stafford maintains lowest cost *per capita* compared to our six peer localities.
- Non-public safety staffing less than 10 years ago.
- 28 capital projects underway.

Board Priority
Fiscal Responsibility and
Reducing the Tax Burden

Next Steps

- Authorize public hearings
- Tax rates
- Budgets
- CIP
- Storm Water Service District
- VPSA bond authorization

Board Priority
Fiscal Responsibility and
Reducing the Tax Burden

